**Retail Pharmacy Market 2023**

**Growth and Challenges**

Despite the effects of inflation, labor shortages and consolidation of retail locations, 2022 sales at US “health and personal care stores” (NAICS 446) increased 3.2% YOY to $399.37 billion and 7.7% during Q1 2023 to $103.05 billion, according to the US Census Bureau.

In the sub-category of “pharmacies and drug stores” (NAICS 44611), which accounts for most sales in the overall category, 2022 sales increased 2.5% YOY to $332.63 billion and Q1 2023 sales ($85.59 billion) increased 6.3% YOY.

Another challenge is a forecasted increase in consumers’ health & personal care via e-commerce from 11.3% for 2023 to 13.3% by 2027 while the top three categories, apparel, furniture and consumer electronics’ shares will decrease during that period.

**Drug Store Shopping Indices by Household Income for Week Ending 3/26/23**

|  |  |  |  |
| --- | --- | --- | --- |
| Household Income | Sales | Spend/Trip | Units/Trip |
| All shoppers | 110 | 104 | 90 |
| Low income (<$40K annually) | 99 | 98 | 91 |
| Middle income ($40K–$80K annually) | 110 | 88 | 88 |
| High income (>$80K annually) | 114 | 107 | 91 |

Numerator, May 2023 (an index of 100 is neutral)

**Patients’ Insights About Pharmacies**

A December 2022 Morning Consult survey revealed more of the respondents (86%) ranked pharmacies first for “very easy” or “somewhat easy” access, with doctors, emergency rooms, nurses, primary care physicians and specialist physicians ranking lower.

After the universal experience of the pandemic, 64% of these surveyed consumers expect pharmacies to maintain policies and procedures caused by the pandemic so consumers have the same level of access to pharmacy services.

These consumers also ranked pharmacists first at 79% as “very credible” or “somewhat credible” sources of money-saving tips/assistance for prescription drugs. Doctors, hospitals, health insurance companies and pharmaceutical companies ranked lower.

**Top 10 Pharmacists’ Roles\* That Patients Support, December 2022**

|  |  |  |  |
| --- | --- | --- | --- |
| Role | Percent | Role | Percent |
| #1: Help them take medications as prescribed | * 86% | * #6: Understand their nutritional choices | * 80% |
| #2: Administering routine vaccinations | * 83% | * #7: Testing/Treating common illnesses | * 79% |
| #3: Testing a patient for COVID-19 | * 82% | * #8: Offering COVID-19 antiviral medication | * 79% |
| #4: Conducting routine health check-ups | * 81% | * #9: Administering COVID-19 vaccinations | * 78% |
| #5: Helping patients prevent chronic disease | * 80% | * ##10: Counseling patients to quit smoking | * 77% |

National Association of Chain Drug Stores (Morning Consult), May 2023 \*other than dispensing drugs

**The Drug Store Shopper**

A March 2023 consumer survey by Advantage Solutions found almost one-third (31%) of drugstore shoppers were purchasing merchandise other than prescribed drugs “almost every day” (5%) or “weekly or more often” (26%).

Of those surveyed, 64% said they purchased prescribed medications at a drugstore and 32% at a mass merchandiser. 58% said they purchased OTC medications/other healthcare and personal care products at a mass merchandiser and 49% at a drugstore.

A majority (53%) of surveyed US adults said they were “very likely” (24%) or “somewhat likely” (29%) to purchase health-and-wellness products from a healthcare provider.

**Surveyed Consumers’ Future\* Shopping Frequency by Retail Channel, March 2023**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Retail Channel | More Frequently | Less Frequently | Approximately the Same | Do Not Shop There |
| Mass merchandiser (Walmart, etc.) | 39% | 10% | 47% | 4% |
| Supermarket (Kroger, etc.) | 20% | 18% | 52% | 11% |
| Club store (Costco, etc.) | 20% | 17% | 36% | 27% |
| Chain drugstore (CVS, etc.) | 18% | 19% | 48% | 15% |
| Value grocery store (Aldi, etc.) | 17% | 16% | 33% | 34% |
| Dollar store (Dollar Tree, etc.) | 17% | 19% | 42% | 22% |
| Specialty grocery store (Trader Joe’s, etc.) | 13% | 20% | 32% | 35% |

Advantage Solutions, May 2023 \*the next six months compared to the last six months

**More Drugstore Shoppers’ Perspectives**

The Advantage Solutions survey also revealed drugstores ranked last for where consumers said they shop for general merchandise at 19% and household items at 15%. Mass merchandisers ranked first in both categories at 64% and 67%, respectively.

Of those surveyed, 20% said they participate in a prescription discount service, 27% did not but were interested in learning more about them, 6% said yes but may not during the future and 48% said they did not.

**Surveyed Consumers’ Options for Non-Emergency Treatment/Advice, March 2023**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Option | Not Very Likely | Somewhat Unlikely | Neither Likely/Unlikely | Somewhat Likely | Very Likely |
| In-person doctor visit | 4% | 4% | 20% | 29% | 43% |
| Teleconference with doctor | 10% | 11% | 27% | 28% | 25% |
| 24-hour, walk-in clinic | 11% | 9% | 27% | 27% | 26% |
| Speak with a drugstore pharmacist | 12% | 11% | 26% | 27% | 24% |
| Visit drugstore clinic | 19% | 11% | 25% | 24% | 21% |
| Visit mass merchandiser clinic | 24% | 14% | 22% | 23% | 17% |
| Visit grocery store clinic | 30% | 15% | 27% | 16% | 13% |

Advantage Solutions, May 2023

**Beauty Products’ Purchasing Patterns**

According to the Advantage Solutions survey, consumers are twice as likely to shop for beauty products at a mass merchandiser than a drugstore, or 58% and 29%, respectively. Online beauty sites/sources attract 20% of drugstore shoppers buying beauty products.

Although research finds women are typically responsible for purchasing 50% of men’s grooming products, the major drug chains have male-specific product areas because pharmacies are where most men’s grooming products are purchased.

A February 2023 survey by Tinuiti found 24% of respondents said inflation causes them “to look for the best price among comparable products,” followed by “buy the same exact products whenever I need them” at 23%.

**Beauty Products Consumers’ Purchasing Attitudes, Fall 2022**

|  |  |
| --- | --- |
| Attitude | Percent |
| Remain with familiar brands | 43% |
| Environmentally conscious | 27% |
| Prefer to shop online than in-stores | 27% |
| Prefer to purchase from small businesses | 25% |
| Will pay more for sustainably sourced items | 23% |
| Look for least-expensive brands | 18% |

Provoke Insights, March 2023

**The Online Competition for Beauty Products Sales**

Although eMarketer forecasts 2026 ecommerce sales will account for more than 30% of all sales in the beauty category, growth will moderate from 19.6% during 2022 to 12.2% during 2026 in the cosmetics and beauty sub-category.

While Facebook is the social media platform where most respondents (26%) to the Tinuiti survey said they discover new beauty products, TikTok, unsurprisingly, is where 48% of Gen Zers make those discoveries.

The Tinuiti survey also revealed big box stores are where most consumers said they purchased beauty products during the past month at 58% while a large online retailer (Amazon) was second at 48% and a beauty shop (Sephora) was third at 32%.

**Where Consumers Said They Heard or Saw a New Beauty Product**

**They Then Later Purchased During the Past Year, February 2023**

|  |  |  |  |
| --- | --- | --- | --- |
| Source | Percent | Source | Percent |
| #1: Social media | * 45% | * #7: Email message | * 10% |
| #2: TV | * 30% | * #8: Print newspapers/magazines | * 9% |
| #3: In-store display or signs | * 25% | * #9: Podcasts | * 7% |
| #4: Search engines | * 17% | * #10: Radio | * 6% |
| #5: Online marketplaces | * 16% | * #11: Billboards | * 5% |
| #6: Streaming video service or live stream | * 14% | * ##12: None of the above | * 16% |

Tinuiti, April 2023

**More Valuable Insights**

After Americans visited retail pharmacies to receive millions of COVID-19 vaccines and boosters and seasonal flu vaccinations, many of them recognize the value of the health services retail pharmacies offer, according to the J.D. Power 2022 US Pharmacy StudySM.

Of those consumers, 33% said they were interested in vision and hearing services and 27% were interested in physical exams and routine lab tests at neighborhood pharmacies.

**Retail Pharmacy Customer Satisfaction Index Rankings for**

**Brick-and-Mortar Pharmacy Channels, September 2021–May 2022**

|  |  |  |  |
| --- | --- | --- | --- |
| Brick-and-Mortar Chain Drug Stores | Score\* | Brick-and-Mortar Mass Merchandisers | Score\* |
| Good Neighbor Pharmacy | * 740 | * Sam’s Club | * 759 |
| Health Mart | * 723 | * Costco | * 749 |
| Walgreens | * 660 | * CVS Inside Target | * 713 |
| Segment average | * 656 | * Segment average | * 700 |
| Rite Aid Pharmacy | * 651 | * Walmart | * 667 |
| CVS Pharmacy | * 646 |  |  |

J.D. Power, August 2022 \*based on a 1,000-point scale

**Retail Pharmacy Customer Satisfaction Index Rankings for**

**Brick-and-Mortar Supermarkets and Mail Order, September 2021–May 2022**

|  |  |  |  |
| --- | --- | --- | --- |
| Brick-and-Mortar Supermarkets | Score\* | Mail Order | Score\* |
| H-E-B | * 785 | * Kaiser Permanente Pharmacy | * 734 |
| * Wegmans | * 754 | * CenterWell Pharmacy | * 699 |
| * Publix | * 747 | * OptumRx | * 694 |
| * Stop & Shop | * 707 | * Segment average | * 675 |
| * Albertsons | * 705 | * AllianceRx Walgreens Prime | * 661 |
| * Hy-Vee | * 701 | * Express Scripts Pharmacy | * 660 |
| * Segment average | * 695 | * Walmart Pharmacy Mail Services | * 660 |
| * Walmart Neighborhood Market | * 692 | * CVS Caremark | * 651 |
| * ShopRite | * 686 |  |  |
| * Fry’s Pharmacy | * 679 |  |  |
| * Kroger | * 673 |  |  |
| * Giant Eagle | * 663 |  |  |
| * Safeway | * 655 |  |  |
| * King Soopers | * 644 |  |  |

J.D. Power, August 2021 \*based on a 1,000-point scale

**Current Active Co-op Plans for Father’s Day**

Luster Products – Hair care products

https://mediagrouponlineinc.recas.com/search.mp?show\_plan=020903&schema=u&schema1=y

Merle Norman Cosmetics – Cosmetics

https://mediagrouponlineinc.recas.com/search.mp?show\_plan=009134&schema=u&schema1=y

New Sunshine/California Tan – Tanning and related products

https://mediagrouponlineinc.recas.com/search.mp?show\_plan=037000&schema=u&schema1=y

*Sources:* US Census Bureau Website, 5/23; Drug Store News Website, 5/23; Insider Intelligence Website, 5/23; Numerator Website, 5/23; National Association of Chain Drug Stores Website, 5/23; Advantage Solutions Website, 5/23; Tinuiti Website, 5/23; Provoke Insights Website, 5/23; eMarketer Website, 5/23; J.D. Power Website, 5/23.

*Updated*: May 2023

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**Local Market and Station Information**